



March 2003

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OZ IT

Australian IT Bulletin

U.S. Commercial Service, Australia

Welcome

To the Australian IT Bulletin

This monthly publication contains useful business intelligence on the Australian IT market.

In this issue, you'll find information on:

- Upcoming trade shows,
- Overview of PC Market,
- Happenings in the Telecommunications Sector
- and much, much more!

For further information on the articles in this publication or on any aspect of the Australian IT market, please contact

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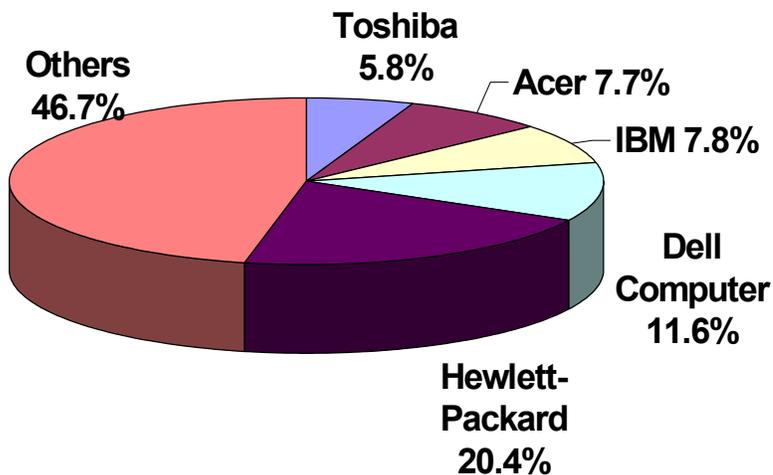
Comeback for Personal Computers

Revenues from personal computer sales are expected to rise 5 to 7 percent to US\$3.4 billion in Australia this year as replacement cycles rather than new technology drive the market. Mobile computer sales are projected to lead the growth.

Notebook Surge Lifts PC Sales Out of Doldrums

Sales of personal computers grew 8.3% in the fourth quarter and resulted in a 9.5% increase for the year. Analysts predict 2003 sales to continue to grow by 5 to 7 percent. Companies deciding to upgrade after Y2K are fueling the growth. Hewlett Packard dominates the market with 20.4% followed by Dell with 11.6% and IBM with 7.8%. Acer and Toshiba still lag behind, but have recently increased their market share. Acer increased from 3.4% to 7.7%, while Toshiba increased sales from 5.1% to 5.8%.

Australian Desktop, Mobile, PC Server Market Share



SMART CARD TECHNOLOGY UPDATE

Danger in Smart Card Lag

According to industry analysts, Australia is falling behind in the switch from bankcards to smart card technology. The danger is that if Australia does not take immediate steps to update the technology, it risks becoming a center for credit card fraud. Smart cards greatly reduce the risks that are typically associated with credit card fraud. Currently, the only bank issuing cards with chip technology is ANZ. Many banks are hesitant to upgrade because of the high costs involved. Also lagging behind in the switch to smart technology are ATM machines and eftpos machines. The majority of ATM machines are non-EMV compliant and less than 10% of eftpos machines are EMV compliant.

Australian Card Game

Today, Australia's preferred method of payment for online shopping is credit cards leading with 74 percent in 2002. Smart cards are gradually penetrating the Australian market, on their way to completely replacing the magnetic strip credit card. The smart card rollout will most likely be connected with Sydney's transport system which will feature a US\$196 million integrated transport ticketing solution that is smart card based. Brisbane (Queensland) also expects to implement smart card technology for its transportation system. Smart cards reduce the risk of fraud, handle multiple applications and provide more information and ease of travel for the consumer.

Telecommunications News

Internet Phone Market Surges to \$215 Million

Voice over Internet Protocol or VoIP is expected to flourish as the local market for VoIP hardware and services is projected to reach US\$215 million in 2003. According to Gartner Dataquest, the Asia-Pacific VoIP market is predicted to grow 20% this year.

The growth of the VoIP market has resulted in the traditional circuit switched telephone market shrinking by 3.8% since 2001.

Several government offices are jumping on this telecommunications trend as South Australia is planning to use VoIP when it upgrades its school communications. In addition, the Australian Capital Territory's communications contract worth US\$25 million will move to VoIP.

Woolworths Coup for Telstra

Woolworth has entered into a US\$123 million five-year contract with Telstra to outsource its voice, data and mobile phone communications. Telstra won the contract over competitors SingTel Optus, Telecom New Zealand and Vodafone. Telstra will own and operate the communication infrastructure while Woolworths will choose the new technology. As part of the contract, Telstra will need to meet minimum communication quality standards or face penalties.

DID YOU KNOW??

Australia's new Internet naming system has experienced substantial growth. Since June 2002, the .au space has grown by 50,000 names while the com.au increased by 30,000. id.au and net.au has also experienced similar growth.

Email, Video Make Big Bang in Storage

Australia is the third largest storage user in the Asia-Pacific region with the external storage market worth US\$337 million. Analysts predict an explosion in the market, especially in networked storage, due to growing storage requirements for email, video and digital imaging. SAN and NAS are the most popular storage technologies. Hewlett Packard is the largest supplier of external storage with 21% market share followed by EMC with an 18% market share and IBM with 15.4%.

IDC Industry Shapers for 2003

IDC's Top Ten technologies, business practices and sectors for 2003

1. Mobile enterprise
2. Digital imaging
3. Utility model
4. IT security
5. Web services
6. Small and medium enterprises
7. Linux deployment
8. Business process outsourcing
9. Home networking
10. Network storage

UPCOMING TRADE SHOWS

CeBIT Australia

May 6-8, 2003, in Sydney

Organizers: Hannover Fairs Australia

Suite 32, Level 3

8-24 Kippax Street

Surry Hills, NSW 2010

Australia

Tel: 61 2 9280 3400

Fax: 61 2 9280 1977

Email: info@hannoverfairs.com.au

CeBIT Australia is the Australian production of the successful CeBIT show in Hannover.

Gartner Predicts Increased Server Growth

Gartner Dataquest expects server shipments in the Asia-Pacific region to increase 9.9% from last year to 666,500 units and server revenue to increase 3.5% to \$3.4 billion propelled by strong demand in the Asia-Pacific finance sectors.

Asia-Pacific Server Market Forecast Estimates	2001	2002	2003	2004
Unit Shipments (K)	576.1	606.4	666.5	722
Year-Over-Year Growth (%)	6.6	5.3	9.9	8.3
End User Spending	5,279.90	5,374.90	5,563.20	5,688.80
Year-Over-Year Growth (%)	11.6	1.8	3.5	2.3

Vendor Profiles Software Development Tools

Aeronaut Industries

Aeronaut is a distributor of software development tools and business reporting and analysis solutions. It utilizes a two-tier channel approach and has excellent training facilities. Software vendors it represents include Crystal Decisions, Wise Solutions, Borland, Xceed Software, Data Dynamics and Component One.

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Softgen Pty Ltd

Softgen is a Sydney-based distributor of software development tools. Partners include Borland, Citrix, Rogue Wave Software, Ticket3, Jinfonet Software and Uniplex. Like Aeronaut, Softgen utilizes a two-tier channel approach, and has a comprehensive program of training seminars.

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